



ENGCOBO LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2008

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2008

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ENGOBO LOCAL MUNICIPALITY

GENERAL INFORMATION

for the year ended 30 June 2008

MEMBERS OF THE EXECUTIVE COMMITTEE

1. L Jiyose *Mayor*
2. N Gedeni *S.P.U and Housing - Chairperson*
3. M Mbenyana *Local Economic Development and administration - Chairperson*
4. N Macingwane *Finance - Chairperson*
5. N Noludwe *Infrastructural Development - Chairperson*
6. S Marenene *Social Needs - Chairperson*

PR COUNCILLORS

1. Y Ponoshe Councillor - Chief whip
2. S Mbolo *Speaker of Council*
3. S Mbolo Councillor
4. Y Ponoshe Councillor
5. N Gwangwa Councillor
6. N Macigwane Councillor
7. N Noludwe Councillor
8. N Gedeni Councillor
9. S Marenene Councillor
10. M Mbenyana Councillor
11. N Tolbadi Councillor
12. N Qazinyana Councillor
13. M Mvotshi Councillor
14. DN Mgudlwa Councillor
15. T Daniel Councillor
16. B Xuma Councillor
17. S Gcanga Councillor

ENGCOBO LOCAL MUNICIPALITY

GENERAL INFORMATION (continued)
for the year ended 30 June 2008

WARD COUNCILLORS

1.	T Sobuza	Ward 1
2.	Z Makhasi	Ward 2
3.	S Ndude	Ward 3
4.	T Mbekeni	Ward 4
5.	SC Dotwana	Ward 5
6.	S Guma	Ward 6
7.	NF Qhina	Ward 7
8.	M Mbenyana	Ward 8
9.	M Sakhi	Ward 9
10.	WM Nyalaba	Ward 10
11.	T Dangazele	Ward 11
12.	NP Ntsondo	Ward 12
13.	M Mayekiso	Ward 13
14.	D Xauka	Ward 14
15.	N Singama	Ward 15
16.	MG Dyani	Ward 16

ENGCOBO LOCAL MUNICIPALITY

GENERAL INFORMATION (continued)
for the year ended 30 June 2008

GRADE OF LOCAL AUTHORITY

Grade 2

AUDITORS

Auditor-General

BANKERS

-First National Bank

-Meeg Bank

-Standard Bank

REGISTERED OFFICE

Union Street

ENGCOBO

5050

Box 24

ENGCOBO

5050

Tel No: (047) 548 1221

Fax No: (047) 548 1078

MUNICIPAL MANAGER

Mr. D.M. Mvulane

CHIEF FINANCIAL OFFICER

Mrs. H. Mlamli

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 1 to 26 were approved by the Municipal Manager and the Chief Financial Officer on 26 August 2008.

MUNICIPAL MANAGER
(Accounting Officer)
26 August 2008

CHIEF FINANCIAL OFFICER
26 August 2008

ENGOBO LOCAL MUNICIPALITY

FOREWORD

for the year ended 30 June 2008

While inroads on service delivery have been made, Engcobo Local Municipality continues to work hard towards improving the lives of the people of Engcobo and ultimately contribute to the achievement of our National dream of a "better life for all". To achieve this dream the Municipality is focusing on providing basic services to the community of Engcobo putting the most effective strategies to address the challenges facing the municipality.

Among the major challenges facing the council is the low collection rate of municipality revenue as well as high rate of unemployment which is unfortunately a direct result of the non-payment of services. The municipality has embarked on several Local Economic Development projects aimed at reducing the poverty rate and encouraging the self dependency in our communities

We also have a challenge to grow our revenue base as we seek to progressively reduce the extent of reliance on Provincial and National government funding. The success of initiatives discussed above will automatically result in sustainable improvement in the municipality's development capabilities.

In conclusion I would like to express my appreciation to my fellow Council members, both the offices of the Municipal Manager and the Chief Financial Officer as well as all other staff for their support, co-operation and hard work during the year under review.

L Jiyose
Mayor and Chairman of the
Executive Committee

ENCOBO LOCAL MUNICIPALITY

TREASURER'S REPORT

for the year ended 30 June 2008

1. INTRODUCTION

An appropriate legislation was complied with, in order to provide statements for the year ending 30 June 2008. To the best of my knowledge these financial statements are a fair presentation of the Council at the end of the abovementioned date and the results of its operations for the year then ended.

2. REVIEW OF OPERATING RESULTS

Presented here below is a summary of operating results in respect of the year ended 30 June 2008. Detailed operating results are presented on Annexure D and E.

INCOME	Actual 2006/07	Actual 2007/08	Variance Actual 06/07 VS actual 07/08	Budget 2007/08	Variance Actual / Budget %
Operating Income for the year	7,457,676	6,563,016	-12%	10,896,093	-40%
EXPENDITURE	38,311,402	45,102,978	-18%	44,113,863	
Operating expenditure	35,845,372	36,568,509	-2%	36,108,863	1%
Capital expenditure	2,466,030	8,534,469	-246%	8,005,000	-6%

2.1 Commentary on the operating results

Revenue

The total operating revenue was below the budget by 40%. Among the factors resulting in this variance was the under recovery in water revenue as well as refuse income.

Operational expenditure

Total operational expenditure budget amounts to R36 108 863 and the capital expenditure budget amounts to R8 005 000 resulting in an overall expenditure budget of R44 113 863. Actual operational expenditure is R36 568 509 and actual capital expenditure is R 8 534 469 resulting in an overall actual expenditure of R45 102 978.

ENGCOBO LOCAL MUNICIPALITY

TREASURER'S REPORT (continued)
for the year ended 30 June 2008

3. CAPITAL EXPENDITURE AND FINANCING

Total fixed asset additions during the year amounted to R8 534 469 (2007: R9 077 879). They are made up as follows:

Capital expenditure category	Budget 2008	Actual 2008	Variance Budget / Actual	Actual 2007
Improvements on Land and Buildings	-	733,250	100%	7,343,735
Office Furniture & Fittings	150,000	167,004	-11%	65,149
Computer Equipment	-	243,258	100%	423,962
Road Construction	7,855,000	7,354,332	6%	-
Storm Water	-	18,800	100%	-
Community Halls	-	17,826	100%	-
Township development	-	-	-	35,879
Testing ground	-	-	-	160,059
Land and Buildings	-	-	-	527,319
Plant and equipment	-	-	-	406,847
Water services	-	-	-	114,929
	8,005,000	8,534,469	-6%	9,077,879
Loans redeemed	-	-	-	-
Revenue contribution to capital	8,005,000	8,534,469	-6%	2,510,892
Grants and subsidies	-	-	-	6,566,987

3.1 Commentary on capital expenditure and financing

The capital expenditure exceeded the budget by 6%. The major contributing factors were unbudgeted expenditure that was incurred in the period under review i.e. Land & Buildings, Computer Equipment, Storm water and Community Halls.

The total amount of the capital expenditure was financed through unconditional grant subsidies.

ENGCOBO LOCAL MUNICIPALITY

TREASURER'S REPORT (continued) for the year ended 30 June 2008

4. EXTERNAL LOANS INVESTMENTS AND CASH

The municipality has an external loan of R4 million obtained from Chris Hani District Municipality. This loan bears no interest and is payable within the 2008 / 2009 financial year.

The R6.8m decrease in accumulated funds is reflective of an under recovery of 40% on operating income and 6% over expenditure on capital expenditure respectively as referred to above. The overall deficit of R6.8m was financed through the loan R4 m from Chris Hani District Municipality and the equitable share investments.

5. POST BALANCE SHEET EVENTS

No material events have occurred since the balance sheet date.

6. EXPRESSION OF APPRECIATION

I am grateful to the Mayor, the Executive committee of the Council, the Council, the Municipal Manager for the support they have given me and to the staff of the Finance Department and the local representatives of the Auditor-General for their assistance and support during the year.

Mrs. H Mlamli
Chief Financial Officer
26 August 2008

ENGOBO LOCAL MUNICIPALITY

ACCOUNTING POLICIES

for the year ended 30 June 2008

1. Basis of presentation

- 1.1 The financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Accounting Practice (1997) and on Report on Published Annual Financial Statements (Second edition - January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in note 2. The accounting policies are consistent with those applied in previous years, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:
 - Income is accrued when measured and available. Certain direct income is accrued when received, such as grants.
 - Expenditure is accrued in the year it is incurred.

2. Consolidation

The balance sheet includes Rate and General Services, Housing Service, Trading Services and the different funds, reserves and provisions. All inter-departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, sewerage, which are treated as income and expenditure in the respective departments.

3. Fixed Assets

- 3.1 Fixed assets are stated at cost or valuation where assets have been acquired by grant or donation, while they are in existence and fit for use.
- 3.2 Depreciation: The balance shown against the heading "Loans Redeemed and other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation; however certain structural differences do exist. Through this "provision" assets are written down over their estimated useful life.

In the case of operating income the full cost of the acquired asset becomes a direct charge to the income statement. Loans are repaid within the estimated useful lives of assets acquired through such loans. The cost or value of such asset as financed is immediately credited to the "Loans Redeemed and other Capital Receipts" accounts.

Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and other Capital Receipts" account.

ENGOBO LOCAL MUNICIPALITY

ACCOUNTING POLICIES (continued) for the year ended 30 June 2008

- 3.3 All net proceeds from the sale of fixed property are credited to the Revolving fund. Net proceeds from the sale of other assets are credited to Income or the Accumulated Surplus Account.
- 3.4 Capital assets are financed from operating income and grants received from National and Provincial Governments
- 3.5 Leases are classified as finance leases where substantially all risks and rewards associated with the ownership of the asset are transferred to the municipality.

4. Trust Funds

Transactions relating to funds held by the Council for the benefit of third parties accounted for only in the balance sheet with no recognition of income or expenditure in the income statement.

From time to time, National and Provincial Governments provide funds to Municipalities for the undertaking of certain prescribed projects. The funds so provided are not treated as operational grants upon receipt but revenue is recognized only upon spending of the funds for the designated purpose, to the extent of the expenditure. Funds that are set aside for projects will only be utilized for that specific project.

Revolving fund was calculated at 7.5% on previous financial year assessment rates

5. Provisions

Provisions are recognized when the municipality has a present or a constructive obligation as a result of past events and is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Provision for doubtful debts is set at 41.99% of the total debtors amount.

6. Retirement benefits

All employees are contributing to the pension fund.

7. Surpluses and deficits

Any surpluses or deficits arising from the operation of services are transferred to Rate and General Services.

8. Treatment of administration and other overhead expenses

The cost of internal support services are transferred to the different services in accordance with the IMFO's Report on Accounting for Support Services.

ENGCOBO LOCAL MUNICIPALITY

ACCOUNTING POLICIES (continued) for the year ended 30 June 2008

9. Investments

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested according to the provisions contained in Circular 26 of 1991 issued by the Provincial Administration.

10. Income Recognition

Electricity and water billings

Only water is provided by the municipality.

All meters are read and billed monthly. Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments made in the month they are indeed read.

Assessment Rates

Assessment rates are levied on the land value of the property.

11. Sale of fixed property/stands

The revenue generated through the sale of fixed assets must be allocated to the Land Trust Fund.

ENCOBO LOCAL MUNICIPALITY

BALANCE SHEET
at 30 June 2008

	Notes	2008	2007
		R	R
ASSETS			
NON-CURRENT ASSETS		(13,547)	(13,547)
Property, plant and equipment	1	(13,547)	(13,547)
Long-term debtors	2	-	-
CURRENT ASSETS		17,481,310	17,866,307
Accounts receivable	3	8,282,810	8,027,561
Short-term portion of long-term debtors	4	54,079	79,540
Short term investments	5	8,280,598	9,759,206
Cash and cash equivalents		863,823	-
TOTAL ASSETS		17,467,763	17,852,760
FUNDS AND LIABILITIES			
FUNDS AND RESERVES		2,034,832	6,628,658
Statutory Funds	6	729,411	623,442
Trust Funds	7	3,407,067	4,141,919
Project Funds	8	871,296	1,048,846
Accumulated (Deficit)/ Surplus		(2,972,942)	814,451
CONSUMER DEPOSITS - SERVICES	10	62,124	55,984
CURRENT LIABILITIES		15,370,807	11,168,118
Accounts payable	9	9,409,655	9,637,048
Deposits	10	1,398,562	955,820
Provisions	11	562,590	111,559
Short-term loan	12	4,000,000	-
Bank overdraft		-	463,691
TOTAL LIABILITIES		17,467,763	17,852,760

ENGCOBO LOCAL MUNICIPALITY

INCOME STATEMENT

for the year ended 30 June 2008

2007/08 R	2007/08 R	2007/08 R		2006/07 R	2006/07 R	2006/07 R
Actual Income	Actual Expenditure	Surplus / (deficit)	Note	Actual Income	Actual Expenditure	Surplus / (deficit)
37,733,444	43,937,086	(6,203,642)	RATES AND GENERAL SERVICES	33,804,397	36,168,250	(2,363,853)
36,672,055	40,796,839	(3,562,194)	Community services	32,635,369	33,586,913	(951,544)
1,061,389	3,140,248	(2,078,859)	Economic services	1,169,028	2,581,337	(1,412,309)
589,605	1,165,892	(576,287)	TRADING SERVICES	1,598,343	2,143,152	(544,809)
38,323,049	45,102,978	(6,779,929)	TOTAL	35,402,740	38,311,402	(2,908,662)
			Surplus / (Deficit) for the year			
	814,451		Accumulated surplus / (Deficit) at the beginning of the year			3,944,116
	2,992,536		Prior year adjustments	15		(221,003)
	3,806,987		Adjusted accumulated surplus / (Deficit) at the beginning of the year			3,723,113
	(2,972,942)		Accumulated surplus/ (Deficit) at the end of the year			814,451

ENCOBO LOCAL MUNICIPALITY

CASH FLOW STATEMENT

for the year ended 30 June 2008

	Notes	2008 R	2007 R
CASH RETAINED FROM OPERATING ACTIVITIES			
Cash generated by operations	16	5,391,314	6,583,164
Investment income		(644,237)	(634,950)
Increase / (Decrease) in working capital	17	442,733	(1,406,945)
Cash available from operations		5,189,810	4,541,269
CASH UTILISED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(8,534,469)	(9,077,879)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		4,000,000	-
(Decrease) / Increase in funds and reserves		(806,434)	(772,995)
NET CASH FOLW		<u>(151,093)</u>	<u>(5,309,605)</u>
CASH EFFECTS OF FINANCING ACTIVITIES			
Decrease in short-term investments		(1,478,608)	(3,769,014)
(Decrease) / Increase in cash on hand		1,327,515	(1,540,591)
NET CASH GENERATED / (UTILISED)		<u>(151,093)</u>	<u>(5,309,605)</u>

ENGCOCO LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

	2008	2007
	R	R
1. PROPERTY, PLANT AND EQUIPMENT	(13,547)	(13,547)
Total property, plant and equipment	117,489,836	108,955,367
Balance at the beginning of the year	108,955,367	100,026,169
Capital expenditure during the year	8 534 469	9,077,879
Disposals	-	(148,681)
	(117,503,383)	(108,968,914)
Loans redeemed	(117,503,383)	(108,968,914)
Detailed analysis of property, plant and equipment is Presented on Annexure "B"		
2. LONG-TERM DEBTORS:	-	-
Motor vehicle scheme	54,079	79,540
Current portion	(54,079)	(79,540)
3. ACCOUNTS RECEIVABLE	8,282,810	8,027,561
3.1 Customer Debtors	1,412,035	1,498,417
Rates and Services Debtors	2,434,292	2,520,674
Provision for doubtful debts	(1,022,258)	(1,022,257)
3.2 Sundry debtors	6,870,775	6,529,144
VAT	2,438,076	1,894,367
Other debtors	4,432,699	4,634,777

ENGCOBO LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2008

	2008	2007
	R	R
4. SHORT-TERM PORTION OF LONG-TERM LOANS		
Motor scheme debtors	54,079	79,539
5. SHORT-TERM INVESTMENTS		
	8,280,598	9,759,206
CMIP Fund	576,965	598,667
Free Basic Service Investment	518,136	479,543
Disaster Management Fund: Dm	11,363	36,209
Engcobo Municipal Insurance	219,231	200,269
Equitable Share Investment - 1	-	15,535
Equitable Share Investment - 2	311,727	47,624
Equitable Share Investment - 3	8,091	36,663
FNB Investment account - 3	8,675	242,536
Pilot Housing Investment	1,879	1,813
Khuseluncedo Dev Fund: Dm	60,308	56,537
Kwa-Gcina Investment	50,377	47,890
MSP Grant Investment	426,226	395,722
Municipal Administration Programme Investment	83,850	76,953
MFMA Grant Investment	2,056,820	232,858
Municipal Infrastructural Grant Investment	1,433,731	360,518
Project Consolidate Investment	593,996	543,234
Revolving Fund Investment	73,877	69,343
Self-Insurance Fund Investment	214,767	196,413
Settlement Plan Fund Investment	224,474	204,986
Soil Conservation Fund Investment	43,318	40,070
Systems Improvement Grant Investment	344,799	1,602,854
Testing Station Investment	70,886	736,086
Transitional Grant Investment	281,265	504,117
Meeg Bank Investment	611,326	1,723,064
HSG Money Market Investment	-	1,257,325
Employees Levy Fund Investment	54,511	52,377

ENGCOBO LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
(continued)
for the year ended 30 June 2008

	2008	2007
	R	R
6. STATUTORY FUNDS	729,411	623,442
Revolving fund	729,411	623,442
7. TRUST FUNDS	3,407,067	4,141,919
Transitional Fund	531,265	504,134
Cmip Fund	-	282,798
Pilot Housing - Trust Fund	1,879	1,820
Integrated Development Plan Fund	100,000	100,000
Motor Vehicle Testing Ground Fund	-	541,037
Municipal Support Programme Fund	426,226	319,604
Disaster Management Fund	11,363	27,507
MFMA Grant Fund	-	232,502
Municipal Administration Programme	83,850	76,953
Municipal Infrastructure Grant Fund	-	244,486
Housing fund	2,037,717	13,784
Systems Improvement Fund	-	1,600,881
Self - Insurance Fund	214,767	196,413
8. PROJECT FUNDS	871,296	1,048,846
Local Economic Development Fund	-	100,000
Project Consolidate Fund	548,187	543,234
Kwagcina Project	50,377	20,065
Khuseluncedo Dev Fund	60,308	56,370
Cleaning Campaign Fund	-	120,000
Soil Conservation Fund	43,318	40,070
Town Planning Fund	169,107	169,107

Detailed analysis of funds and reserves is presented on annexure "A"

ENCOBO LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2008

9. ACCOUNTS PAYABLE	9,409,655	9,637,049
Trade creditors and accruals	23,300	49,667
Housing	-	1,255,724
Other Creditors	9,386,355	8,331,658
10. DEPOSITS	1,460,686	1,011,804
Consumer Deposits	62,124	55,984
Other deposits	1,398,562	955,820
11. PROVISIONS	562,590	111,559
Provisions - accounting fees	562,590	111,559
12. SHORT-TERM LOAN	4,000,000	-
Chris Hani DM - Loan	4,000,000	-
13. FINANCE TRANSACTIONS	644,237	634,950
Interest earned	644,237	634,950
14. COUNCILLORS' REMUNERATION	4,960,299	4,456,752
Mayor' allowances	324,899	305,270
Executive committee members	536,103	503,695
Councillors' allowances - Full time	243,676	228,953
Councillors' allowances - Part time	1,559,507	2,197,933
Speaker's allowances - Part time	259,919	244,216
Pension contribution allowance	840,674	258,618
Travelling allowances	974,689	1,263,885
Telephone allowances	220,832	263,147
15. PRIOR YEAR ADJUSTMENTS	2,992,536	(221,003)

The prior year adjustment relates to grant income that was disclosed under trust funds in the prior years.

ENGOBO LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2008

16. CASH GENERATED FROM OPERATIONS	5,391,314	6,583,164
Surplus/ (Deficit) for the year	(6,779,929)	(2,908,662)
Adjustments in respect of:		
Appropriations for the year	2,992,537	(221,003)
Capital expenditure	8 534 469	9,077,879
Interest received	644,237	634,950
17. DECREASE IN WORKING CAPITAL	442,733	(1,406,945)
Decrease / (Increase) in accounts receivable	(229,787)	(1,374,416)
Long term debtors	-	133,440
Increase in accounts payable and provisions	672,520	(165,969)

ENGCOCO LOCAL MUNICIPALITY

STATUTORY FUNDS, TRUST FUNDS, PROJECT FUNDS AND RESERVES
for the year ended 30 June 2008

ANNEXURE "A"

	Balance at 30-Jun-07	Contribution during the year	Interest on investment	Other income	Expenditure / Charges	Balance at 30-Jun-08
Statutory Funds						
Revolving fund	623,442	101,434	4,535	-	-	729,411
	623,442	101,434	4,535	-	-	729,411
Trust Funds						
Transitional Fund	504,134	-	27,148	-	(18)	531,264
Pilot Housing - Trust Fund	1,820		59			1,879
Integrated Development Plan Fund	100,000	-	-	-	-	100,000
Municipal Support Programme Fund	319,604	400,000	30,504	76,118	(400,000)	426,226
Disaster Management Fund	27,507		1,654	8,702	(26,500)	11,363
Municipal Administration Programme	76,953		6,897			83,850
Self - Insurance Fund	196,413		18,354			214,767
Housing Fund	13,784	2,714,984	38		(691,089)	2,037,717
	1,240,215	3,114,984	84,654	84,820	(1,117,607)	3,407,065
Project Funds						
Local Economic Development Fund	100,000				(100,000)	-
Project Consolidate Fund	543,234		4,953			548,187
Kwagcina Project	20,065		2,487	27,825		50,377
Khuseluncedo Dev Fund	56,370		3,938			60,308

Cleaning Campaign Fund	120,000			(120,000)	-
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ENGCOBO LOCAL MUNICIPALITY

STATUTORY FUNDS, TRUST FUNDS, PROJECT FUNDS AND RESERVES (Continued)
for the year ended 30 June 2008

ANNEXURE "A"

Soil Conservation Fund	40,070		3,522		(274)	43,318
Town Planning	169,107					169,107
CMIP	282,798				(282,798)	0
Testing ground	541,036				(541,036)	-
Financial Management Grant	232,502				(232,502)	-
MIG	244,486				(244,486)	-
MSIG	1,600,881				(1,600,881)	-
	3,950,549	-	14,899	27,825	(3,121,976)	871,297
	5,800,422	501,434	104,088	112,645	(4,239,583)	5,007,773

ENGCOBO LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
for the year ended 30 June 2008

ANNEXURE "B"

	Balance at 30/06/07	Received during the year	Interest Capitalize d	Redeemed or written off during the year	Balance at 30/06/2008
	R	R	R	R	R
EXTERNAL LOANS	-	4,000,000	-	-	4,000,000
Chris Hani District Municipality	-	4,000,000	-	-	4,000,000
	-	0	-	-	4,000,000

The loan bears no interest and is payable within the 2008 / 2009 financial year.

ENGCOBO LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
for the year ended 30 June 2008

ANNEXURE "C"

	Balance as at 30-Jun-07	Expenditure	Written-off / Transferred	Balance as at 30-Jun-08
Rates and General Services				
Community services	94,500,185	8,534,469	-	103,106,464
Land and Buildings	15,939,915	733,250	-	16,744,974
Plant and Equipment	5,880,466	-	-	5,880,466
Motor vehicles	8,283,928	-	-	8,283,928
Township Development	65,252	-	-	65,252
General Improvements	52,949,070	-	-	52,949,070
Main Street	1,809,447	-	-	1,809,447
Office Furniture & Fittings	650,585	167,004	-	817,589
Dipping Tank	57,748	-	-	57,748
Street Signs	10,321	-	-	10,321
Swimming Pool	1,378,574	-	-	1,378,574
TV2 Station	13,515	-	-	13,515
Loose Tools	18,014	-	-	18,014
Computer Equipment	1,444,670	243,258	-	1,687,928
Taxi Rank	219,544	-	-	219,544
Testing Grounds	5,779,136	-	-	5,779,136
Access Roads	-	7,354,332	-	7,354,332
Storm Water	-	18,800	-	18,800
Community Halls	-	17,826	-	17,826

ENGCOBO LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT (Continued)
for the year ended 30 June 2008

ANNEXURE "C"

Economic Services	5,075,005	-	-	5,075,005
Refuse	-	-	-	-
Solid Waste Disposal Site	510,000	-	-	510,000
Sanitation	4,565,005	-	-	4,565,005
Trading Services	9,380,177	-	-	9,380,177
Water Services	9,380,177	-	-	9,380,177
TOTAL PROPERTY, PLANT AND EQUIPMENT	108,955,367	8,534,469	-	117,489,836
Less: Loans redeemed and other capital receipts	108,968,914	8,534,469	-	117,489,836
Loans redeemed	418,941	-	-	418,941
Revenue contribution to capital	79,900,671	8,534,469	-	88,435,140
Grants and subsidies	28,649,302	-	-	28,649,302
NET PROPERTY, PLANT AND EQUIPMENT	(13,547)	-	-	(13,547)

ANALYSIS OF OPERATING INCOME AND EXPENDITURE
for the year ended 30 June 2008

Actual 2007 R		Actual 2008 R	Budget 2008 R
INCOME			
27,945,064	Grants and subsidies:	31,760,033	25,384,913
27,945,064	- Provincial Government	24,895,833	25,384,913
	- Other	6,864,200	
7,457,676	Operating income:	6,563,016	10,896,093
1,352,455	- Assessment rates	1,402,121	1,500,000
543,328	- Refuse	494,226	820,785
1,561,134	- Water	21,282	2,839,302
617,516	- Sewerage	567,163	548,622
1,664,698	- Traffic and Licencing	2,177,581	
1,718,545	- Other income	1,900,643	5,187,384
35,402,740	Total income	38,323,049	36,281,006
EXPENDITURE			
35,845,372	Total operating expenditure	36,568,509	36,108,863
19,606,657	Salaries, wages and allowances	21,558,547	19,966,350
12,832,434	General expenses	13,305,941	14,412,513
849,282	Contribution to approved funds	101,434	-
2,556,999	Repairs and maintenance	1,602,587	1,730,000
2,466,030	Contribution to property, plant and equipment	8,534,469	8,005,000
38,311,402	Total expenditure	45,102,978	44,113,863
(2,908,662)	(DEFICIT)/SURPLUS FOR THE YEAR	(6,779,929)	(7,832,857)

ENGCOBO LOCAL MUNICIPALITY

DETAILED INCOME STATEMENT
for the year ended 30 June 2008

2008 R Actual Income	2008 R Actual Expenditure	2008 R Surplus / (deficit)
37,733,444	43,937,086	(6,203,642)
36,672,055	40,796,839	(4,124,784)
-	6,316,971	(6,316,971)
-	3,670,357	(3,670,357)
2,518,161	5,256,691	(2,738,530)
21,527,380	10,925,156	10,602,223
12,454,220	6,638,180	5,816,040
172,295	7,989,485	(7,817,190)
1,061,389	3,140,248	(2,078,859)
494,226	2,937,562	(2,443,336)
567,163	202,686	364,477
589,605	1,165,892	(576,287)
589,605	1,165,892	(576,287)
38,323,049	45,102,978	(6,779,929)
		814,451
		2,992,536
		(2,972,942)

RATES AND GENERAL SERVICES

Community Services

Mayor and Councillor expenses

Accounting Officer Administration

Corporate Services Administration

Community Services Administration

Budget Planning and Implementation

Roads and Works

Economic Services

Refuse removal

Sewerage and Sanitation

TRADING SERVICES

Water Services

Deficit for the year

Surplus for the year

Accumulated surplus at the beginning of the year

Prior year adjustments 15

Accumulated surplus at the end of the year

ANNEXURE "E"

2007 R Actual Income	2007 R Actual Expenditure	2007 R Surplus / (deficit)
33,804,397	6,168,250	(2,363,853)
32,635,369	33,586,913	(951,544)
-	8,001,246	(8,001,246)
1,257,676	3,692,286	(2,434,610)
41,146	7,396,476	(7,355,330)
		(2,652,617)
1,665,781	4,318,398	
29,668,603	4,145,557	25,523,046
2,163	6,032,950	(6,030,787)
1,169,028	2,581,337	(1,412,309)
543,648	2,348,560	(1,804,912)
625,380	232,777	392,603
1,598,343	2,143,152	(544,809)
1,598,343	2,143,152	(544,809)
35,402,740	38,311,402	(2,908,662)
		3,944,116
		(221,003)
		814,451

STATISTICAL INFORMATION
for the year ended 30 June 2008

GENERAL STATISTICS

1. Population

Age group	Age group as percentage of total	Total population	Males	Females
0 - 14	44%	65,932	33,482	32,450
15 - 34	29%	43,169	19,124	24,045
35 - 64	20%	29,309	10,861	18,448
65 and over	7%	10,590	3,952	6,638
Total	100%	149,000	67,419	81,581

2. Assessment rates

2.1 Property valuation and assessment rates

	Valuation	Actual income 2008	Actual income 2007
State owned, Commercial and residential property	106,412,060	1,402,121	1,352,455
Total valuation	106,412,060	1,402,121	1,352,455

General valuations on land and buildings are performed every five years.
The last general valuation came into effect on July 1999.

The assessment rates were as follows:

- Commercial and Residential 0,0132 cents per rand
- State owned properties 0,0132 cents per rand, minus 20% rebate

3. Senior Managers' remuneration

	2008 R	2007 R
Total senior managers' salaries	1,648,879	1,855,633